Eyes on the Soviet Bear

CIA’s Office of Strategic Research: A Brief History

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The mission of the Office of Strategic Research was to provide the DCI with an independent CIA assessment of foreign strategic military threats to US national security interests, primarily those from the Soviet Union and Communist China.

The Beginning

The year 2017 marked the 50th anniversary of the creation of the Central Intelligence Agency’s Office of Strategic Research (OSR). The office was established by Director of Central Intelligence (DCI) Richard Helms and Deputy Director for Intelligence (DDI) R. Jack Smith on 1 July 1967 to bring together analysts responsible for military analysis in the CIA’s Directorate of Intelligence (DI—now called the Directorate of Analysis). These analysts were previously located in two DI components: the military division of the Office of Current Intelligence (OCI), led by Bruce C. Clarke Jr., and the military economic research area of the Office of Research and Reports (ORR), led by Roland S. Inlow. Clarke became the first head of the new OSR and Inlow was appointed his deputy. OSR’s mission was to provide the DCI with independent CIA assessments of foreign strategic military threats to US national security interests, primarily those from the Soviet Union and Communist China. A key exception at the time was analysis of the Vietnam conflict, which remained the purview of other CIA components.

R. Jack Smith has written the following about the creation of OSR in his book The Unknown CIA:

I picked Bruce Clarke Jr., a sharp, aggressive man, to study the feasibility and advantages of combining the separate groups into a single office, and on the strength of his report, I created the Office of Strategic Research under Clarke’s leadership. This was considered a bold stroke. By longstanding custom, and for a time, mutual consent, military affairs was held to be the exclusive province of the armed forces. Military intelligence was thought to be too specialized, too arcane for mere civilians . . . . Unfortunately for this concept, the military services throughout the 1950s and 1960s had consistently displayed an inability to make objective, dispassionate judgments regarding the strategic threat . . . . For reasons easy to perceive, military intelligence analysts invariably leaned toward the worst case, the maximum conceivable threat . . . . I knew that the President and the National Security Council (NSC) were ill-served by such work. It was time for CIA to assume the role in military affairs it had already established in international political and economic realms. The Office of Strategic Research constituted a statement to other intelligence agencies that CIA had a professional competence in strategic military affairs. Under Clarke, it soon became a strong voice in the field.

The views, opinions, and findings should not be construed as asserting or implying US government endorsement of its factual statements and interpretations or representing the official positions of any component of the United States government.
During its 15-year existence, from mid-1967 to late 1981, OSR played a key role in providing in-depth military analysis and current intelligence reporting to senior policymakers on a variety of national security issues. These included the strategic military threats the Soviet Bloc and Communist China posed, arms control measures and treaty verification, and various regional military conflicts and crises such as the Czechoslovakia crisis in 1968, the Arab-Israeli War in 1973, and the Soviet invasion of Afghanistan in 1979.

The office grew to become one of the largest and most productive in the DI, and its leadership drew some of the best and the brightest. Many of its managers would go on to hold some of the highest positions in CIA and the Intelligence Community (IC), and the agency’s strategic military and military-economic analysis would continue to play key policy support roles to the end of the Cold War.

Bruce Clarke was a demanding and inspirational leader. He insisted on rigorous research and analysis and rewarded good intelligence production. Clarke knew all his analysts by name, along with their strengths and weaknesses, and he wanted his managers to do likewise. Clarke also supported regular training and rotational assignments to improve analytic expertise and promote career development. Finally, he insisted that all OSR analysts work closely with other components in CIA and the IC that contributed to OSR’s research.
Richard Nixon’s administration in January 1969 created a whole new set of demands for military intelligence support. Henry Kissinger, the new assistant to the president for national security affairs, wanted detailed military intelligence on a wide variety of issues in support of broader national security policy planning. These issues included the expansion of Soviet strategic influence in the Third World, the growth of China’s military capabilities, and the pursuit of new arms control agreements with the Soviet Union.

Kissinger created several new mechanisms to oversee national security policy on matters relating to military decisionmaking. The first was the National Security Study Memorandum (NSSM) process, which involved detailed analysis of the military threats to US strategic interests around the world and the appropriate US force posture in response. Another was the Defense Policy Review Committee (DPRC), created to undertake detailed studies of US defense programs and future force levels. In addition, because this was a period of détente with the USSR, Kissinger created intelligence verification panels to support the new Strategic Arms Limitation Talks (SALT) and Mutual Balanced Force Reduction (MBFR) negotiations with the Soviet Union.

Under Clarke’s strong leadership, OSR soon began to provide critical intelligence support to the Nixon administration’s new strategic policy planning process and arms control efforts. OSR also began to provide more detailed information to the Office of National Estimates (ONE) for new National Intelligence Estimates (NIEs) on Soviet and Chinese military forces and capabilities. The Nixon White House had sharply criticized the 1969 NIE on Soviet strategic forces for lacking adequate intelligence input. A new format was established for the 1970 Soviet strategic forces NIE that included much more detailed intelligence and alternative outcomes. At the same time, DCI Helms decided to involve OSR and the DS&T more directly in drafting a CIA group contribution to the Soviet military estimates. As a result of these changes, a much more comprehensive NIE was issued in early 1971. President Nixon then sent a note to Helms commending him and the entire IC for a “particularly useful” estimate.

On 1 July 1972, OSR celebrated its fifth anniversary. Although Helms was not able to attend the event, he sent OSR officers a brief letter of congratulations. (See next page.) During this period, the office had grown by about a third to nearly 200 people. A special assistant to the Director for Strategic Arms Talks had been added to the front office staff to oversee OSR support to the SALT negotiations. The former Strategic and Theater Divisions had been combined into a new, large Soviet

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and Eastern European Forces Division, and a smaller Asian Communist Forces Division had been added to meet growing demands from the Nixon administration for strategic intelligence on China and North Korea. Clarke produced an annual report for the DCI each year beginning in 1968. In his 1972 report, Clarke enumerated OSR’s major tasks during the previous five years, showing the ways in which OSR supported national security policymakers with NSSMs and NIEs, provided direct support to the SALT and MBFR negotiations, and produced research reports and current intelligence items on foreign military programs and developments. Clarke tracked OSR intelligence production closely, and he noted that it had reached all-time highs as 1972 drew to a close.

Little did Clarke know that major changes in CIA were about to take place during the next year that would result in his departure the following September. In February 1973, newly reelected President Nixon asked DCI Helms to resign and become US ambassador to Iran. Replacing Helms was James Schlesinger, who had been assistant director of the Bureau of the Budget and then head of the Atomic Energy Commission. During Schlesinger’s brief tenure, Clarke oversaw the establishment of a new Military-Economic Advisory Panel (MEAP) of civilian economic experts, created in response to the Defense Intelligence Agency’s criticism of OSR’s analysis of Soviet defense spending. Although the first MEAP report in 1974 generally supported CIA’s assessment, this was only the beginning of a long series of Pentagon and other outside challenges to CIA’s defense costing efforts that would last the next two decades.

President Nixon announced suddenly in May 1973 that he was making Schlesinger his new secretary of defense and replacing him with William Colby, who was then CIA’s deputy director for operations. The change took place in September 1973, and, soon after, Clarke left OSR at Schlesinger’s request to become his representative to the new MBFR talks in Vienna. One of Clarke’s last official acts was to create a new Strategic Evaluation Center (SEC) in OSR to do integrated analysis of the national security policy of the Soviet Union and other key foreign countries and to provide net force assessments to the NSC staff. The SEC was originally headed by Fritz Ermarth, whom Schlesinger had brought to his staff from RAND, and it was later briefly headed by Robert Gates, who went on to become both the DCI and the Secretary of Defense.

The Middle Years

Clarke’s departure from OSR ended a six-year span of sustained strong leadership. Many of the officers who worked for him during that time regarded him as one of the best CIA leaders they ever knew, both in substantive knowledge and personnel management. During OSR’s last eight years, it continued to provide strong strategic military intelligence and current intelligence support to national security policymakers and to arms control negotiations and treaty verification efforts. However, it also came under powerful attack from Congress and critics inside and outside the government who believed that OSR was underestimating the strategic military threat the Soviet Union posed.

Until its demise in October 1981, OSR had four more directors and one acting director. Three of the new directors—Henry Knoche, Richard Lehman, and Sidney Graybeal—were experienced CIA managers who had held previous senior intelligence positions. The acting director, Noel Firth, and OSR’s last director, Robert M. “Rae” Huffstutler, were DI analysts who joined OSR at its creation and rose through the ranks. Including Clarke, these six heads of OSR served under five presidents—Johnson, Nixon, Gerald Ford, Jimmy Carter, and Ronald Reagan—and under six DCIs—Helms, Schlesinger, Colby, George H.W. Bush, Stansfield Turner, and William Casey.

Five of the six OSR directors moved on to more senior positions in CIA. Clarke became the director of the National Foreign Assessment Center (NFAC) in 1979 after he returned to CIA under DCI Turner. Knoche served as the deputy DCI under George H.W. Bush in 1976. Lehman was the deputy to the DCI for National Intelligence under Bush and then chairman of the National Intelligence Council (NIC) when Turner formed it in 1979. Firth became the first director of the Office of Imagery Analysis in 1977. Graybeal came to OSR after a distinguished career as an arms control negotiator, and after he retired from CIA in 1979, he was appointed to the Defense Policy Board. Huffstutler
became the director of the new Office of Soviet Analysis (SOVA) in the DI after OSR was abolished in 1981, then became head of NPIC starting in 1984, served as the deputy director for administration (DDA) in 1988, and finally became CIA’s executive director in 1992.

One of Knoche’s first official acts as director of OSR in October 1973 was to announce a reorganization that created two new divisions—the Soviet Strategic Forces Division to focus on SALT support, and the Theater Forces Division to address MBFR issues. Clarke had planned the reorganization before he left for Vienna to join the MBFR negotiations, and he had selected the managers for the divisions. He also created a new Asian Programs Branch in the Eastern Forces Division to expand OSR’s analysis of Chinese military strategy and doctrine in the region, and he added North Korea to the countries of interest. Clarke thus left Knoche with an expanded office and a strong team of experienced managers and new branch chiefs.

Knoche was called up to the DCI’s office in mid-1974 to do special tasks for DCI Colby in response to congressional investigations of CIA that occurred in the aftermath of the Watergate scandal. As a result, Firth, who replaced Paisley as the deputy director in July 1974, was required to run OSR for an extended period. Knoche never returned to the office and was replaced by Lehman in June 1975. Shortly after his appointment, Lehman—like Knoche before him—was also detailed to the DCI’s office for a special assignment and never returned to OSR. As a result, Firth ran the office unofficially beginning in mid-1975. In January 1976, President Ford replaced Colby with George H.W. Bush, and Lehman joined the new DCI’s staff. Firth was then officially appointed acting director of OSR, a post he held until Graybeal arrived in November 1976.

Firth had a background in CIA and OSR as a military costing expert, which served him well during his tenure as acting director. In early 1976, CIA announced that it had completed a major upward revision in its ruble estimate of Soviet military spending during the period 1970 to 1975. Not only was the Soviet defense budget significantly larger than previously estimated, but so was the percentage of Soviet GNP devoted to defense. The revision had been done jointly by a team of OSR and OER analysts based on new ruble price and cost data rather than the discovery of new Soviet defense programs. Firth strongly defended the revised spending estimate in his book on the subject, Soviet Defense Spending (coauthored with James Noren), but he acknowledges that the shock of the abrupt change created a lasting skepticism about the accuracy of CIA’s analysis of the Soviet defense spending.

Unfortunately, the upward revision of Soviet defense spending in rubles came at a time when the President’s Foreign Intelligence Advisory Board (PFIAB) was challenging the

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The T-72 became the main battle tank for the Soviet Union beginning in the 1970s. It was purchased by many Soviet client states and was used in numerous conflicts worldwide.

The image above is a work of a US Air Force Airman taken as part of that person’s official duties, and as such is in the public domain in the United States.
The competitive analysis on Soviet strategic objectives was by far the most contentious and had the most lasting political impact.

By the time Team B had issued its report, Sayre Stevens had replaced Ed Proctor as DDI in June 1976. Stevens had a strong technical background in the DS&T and had been its deputy director from January 1974 until May 1976. Stevens then appointed Graybeal to run OSR with Firth as his deputy in November 1976. Graybeal also came to OSR with a strong technical background and experience as an arms control negotiator with the State Department, and he was a logical choice to oversee OSR’s continued contributions to the SALT and MBFR negotiations. Lehman and Graybeal both criticized the Team B report as based not on intelligence but on the long-held political views of some of its members. DCI Bush agreed and noted that the competitive analysis effort had contributed little to the analytic judgments of the 1976 Soviet strategic NIE.

President Jimmy Carter took office in January 1977 and replaced Bush as DCI with Stansfield Turner. During Turner’s tenure, OSR continued to provide extensive arms control intelligence support to the Carter administration and to contribute to key military NIEs. Stevens encouraged OSR to work more closely with OSI and the Office of Weapons Intelligence (OWI). Both OSI and OWI had been transferred from the DS&T to the DI in November 1976, and Evans Hineman, who had been the director of OWI before the move, remained as its head. Huffstutler, who had been the head of OSR’s Theater Forces Division, was then sent to OWI as Hineman’s deputy to help enhance cooperation between the two offices.

In April 1977, Graybeal reorganized OSR by enlarging the Programs Analysis Division to create a new Military-Economic Analysis Center. He did so in response to continued criticism of CIA’s assessments of Soviet defense spending. The change was designed to strengthen OSR’s research on Soviet and other communist military programs, including cost analysis of Chinese defense spending. Graybeal also altered the Strategic Evaluation Center to reflect a new emphasis on force effectiveness and on military policy and doctrine. One of his goals was to have OSR provide better support for special projects done jointly with other DI offices. Meanwhile, OSR continued to contribute heavily to NIEs on Soviet strategic capabilities and global goals and intentions.

The Huffstutler Transition

In late 1978, Graybeal decided to retire, and Huffstutler replaced him in early 1979. Huffstutler had a long background as a military and technical analyst in ORR and then in OSR and OWI. Huffstutler inherited an office that would soon become the largest in the DI and which continued to contribute heavily to the SALT and MBFR negotiations and to various military NIEs.

What was to have been Clarke’s one-year assignment in Vienna in 1973 lasted until 1978. By then, DCI Colby had abolished ONE and replaced it with individual NIOs who reported to a new deputy to the DCI for National Intelligence. DCI Turner

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subsequently created NFAC in October 1977 by combining the DI and the NIOs under a single leader, and he then appointed Robert Bowie, an academic, as its first director. Meanwhile, Clarke, after brief stints at the Pentagon under Secretary of Defense Harold Brown and at the Department of Energy under Secretary Schlesinger, joined Bowie’s staff at NFAC in early 1979.

When Bowie retired in August 1979, Turner replaced him with Clarke, who inherited his former OSR division chief John Hicks as his deputy. Clarke had developed a close relationship with Turner years before, and, with DCI approval, he soon made two major organizational changes in NFAC. One was merging OSI and OWI into the Office of Scientific and Weapons Research in early 1980, with Wayne Boring as its director. The other was putting all the NIOs into the new NIC in late 1979 with Richard Lehman as its chairman. Clarke believed the NIOs needed a strong organizational structure and firm leadership to function as a corporate Intelligence Community body.

Turner took a strong interest in the strategic military NIEs that CIA prepared and believed he had the right to express his own views in them. He also believed CIA should have a strong independent voice in the estimative process, primarily because it was less influenced by policy bias and could be more objective in its analysis. As a result, in the 1979 NIE on Soviet strategic capabilities for nuclear conflict, Turner expressed his support of the CIA judgment that the Soviet Union had not achieved enough strategic military superiority for its leaders to risk provoking a nuclear conflict with the United States. DIA and the other military intelligence services strongly objected.\(^a\)

The 1980 NIE contained two sets of key judgments, the first representing the DCI and CIA and the second, DIA and those of the military services. The latter argued that CIA’s analysis was based on a net assessment of Soviet and US capabilities that was not a proper function of an intelligence agency and should be done by the Defense Department.\(^b\) As DCI, Turner rebutted this position, stating that he did not believe it was in the national interest for the Pentagon to control all comparisons of US and opposing military forces.\(^c\)

Soon after Clarke took over NFAC in 1979, Huffstutler and OSR began a major research paper on the development of Soviet military power since the fall of Soviet Premier Khrushchev in 1964. This was to be an in-depth project that

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\(^b\) Ibid, 429–65.

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would be ready in time for a new US presidential administration. The final product, titled “The Development of Soviet Military Power: Trends Since 1965 and Prospects for the 1980s,” took two years to prepare and drew on input from every office in NFAC. It was a comprehensive survey that took into account political, economic, and technical factors as well as military ones, and was more deeply researched and balanced than the current national estimates. By the time it was issued in April 1981, Ronald Reagan had become president and appointed William Casey as his DCI.a

Casey took over CIA with a strong belief that the agency needed to be strengthened and improved if it was to have a prominent part in providing intelligence support to Reagan and his foreign policy advisors. Casey was the first DCI to become a member of the Cabinet, and he wanted CIA to concentrate on what he saw as a growing Soviet threat to US foreign national security interests, particularly in the Third World. Casey was also a vocal critic of CIA’s previous analysis of the Soviet Union, including the strategic forces estimates, which he thought were too benign. Thus, one of his first acts on taking office was to commission an update of NIE 11-4-78, “Soviet Goals and Expectations in the Global Power Arena,” which had been published three years before. It was delivered as a “Memorandum to Holders” in mid-1981; it, in effect, drew a new, more hostile, picture of Soviet intentions, over the objections of State’s INR and the the IC representative of the Treasury Department.b

Casey made no immediate changes to NFAC and kept Clarke as its director. However, Clarke did not have a favorable opinion of the new DCI, whom he believed had strong partisan political views. Clarke decided to retire in April 1981, and he was soon replaced as by John McMahon, the deputy director for operations at the time. Huffstutler stayed on as OSR’s director and announced another reorganization of OSR soon after McMahon took over. The reorganization was not a major restructuring, but it expanded the global focus of OSR’s military analysis by adding Latin America and Africa to its current intelligence and military research responsibilities.

The new OSR structure lasted only six months, when McMahon proposed reorganizing NFAC along regional rather than functional lines to better serve intelligence consumers, most of whom had a regional focus. By October 1981, with Casey’s approval, four former functional offices containing political, economic, military, and societal analysts were sent to SOVA, while others went to the Offices of East Asian Analysis (OEA), Near Eastern and South Asian Analysis, European Analysis, and African and Latin American Analysis (ALA).

Once the reorganization was complete, and after NFAC was reconstituted as the Directorate of Intelligence, SOVA became by far the largest and most productive office in the directorate. Huffstutler was its first director, and he recalls that it was a strong, well-balanced unit. According to Huffstutler, SOVA produced about one-third of the current intelligence reports and drafted 40 percent of the national estimates CIA issued in the early years of the Reagan administration. SOVA got off to such a fast start because most of the existing OSR divisions, including Strategic Forces, Theater Forces, Military-Economic, and Strategic Evaluation, were transferred to SOVA almost intact. In addition to this large cadre, leaders added Soviet political, economic, and societal analysts from other DI offices.

As testament to the leadership skills and reputations Bruce Clarke had fostered since he first headed OSR, McMahon placed former OSR senior managers in charge of three of the five new regional offices.

OSR’s Legacy

Clarke’s departure in early 1981 and OSR’s demise later in the year marked the end of a vital era of military intelligence analysis in CIA, but


OSR’s legacy of strong leadership and rigorous analysis lasted well into the next decade. Clarke’s role as a mentor was marked by the extraordinary number of former OSR analysts and managers who rose to senior positions in CIA, including those of DDCI, DDI, deputy director for administration, and executive director, and office director.

Regarding OSR’s legacy of military analysis, SOVA continued to be the most productive DI office because of the high interest of the Reagan and Bush administrations in the Soviet Union up to and after its collapse. DCI Casey selected Robert Gates to replace McMahon in early 1982. Gates had a strong personal interest in the Soviet Union, and during his period as DDI and DDCI from 1982 to 1989, he reviewed virtually all of SOVA’s analytic products, including draft NIEs, on Soviet-related issues. Gates then became an avid consumer of SOVA’s intelligence output from 1989 to November 1991, when he moved to the White House to serve as deputy national security advisor under President Bush and Brent Scowcroft. In November 1991, Gates returned to CIA as DCI, where he remained until January 1993.

OSR made a major contribution to ensuring that CIA was able to provide policymakers with essential strategic military and military-economic intelligence support during the period of its existence...